

**REPORT OF THE AUDIT OF THE  
HENRY COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2015**



**MIKE HARMON  
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**EXECUTIVE SUMMARY**  
**AUDIT OF THE**  
**HENRY COUNTY FISCAL COURT**

**June 30, 2015**

The Auditor of Public Accounts has completed the audit of the Henry County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Henry County Fiscal Court.

**Financial Condition:**

The Henry County Fiscal Court had total receipts of \$5,438,590 and disbursements of \$5,708,250 in fiscal year 2015. This resulted in a total ending fund balance of \$3,442,215, which is a decrease of \$269,660 from the prior year.

**Report Comments:**

2015-001    The County Has A Lack Of Segregation Of Duties Over Receipts  
2015-002    The County Has A Lack Of Segregation Of Duties Over Payroll

**Deposits:**

The    fiscal    court    deposits    were    insured    and    collateralized    by    bank    securities.



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable John Logan Brent, Henry County Judge/Executive  
Members of the Henry County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Henry County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Henry County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described more fully in Note 1 of the financial statement, the financial statement is prepared by Henry County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Henry County Fiscal Court as of June 30, 2015, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of Henry County Fiscal Court as of June 30, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Henry County Fiscal Court. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.



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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2016 on our consideration of Henry County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henry County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying comments and recommendations included herein, which discusses the following report comment:

- 2015-001 The County Has A Lack Of Segregation Of Duties Over Receipts
- 2015-002 The County Has A Lack Of Segregation Of Duties Over Payroll

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", followed by a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

May 13, 2016

HENRY COUNTY OFFICIALS

For The Year Ended June 30, 2015

**Fiscal Court Members:**

John Logan Brent	County Judge/Executive
Scott Bates	Magistrate
Jerry Beasley	Magistrate
David Brown	Magistrate
Michael Fisher	Magistrate
Roger Hartlage	Magistrate
Nick Hawkins	Magistrate

**Other Elected Officials:**

Virginia Harrod	County Attorney
Scot Southworth	Jailer
Shanda Archer	County Clerk
Gina Lyle	Circuit Court Clerk
Danny Cravens	Sheriff
Jason Scriber	Property Valuation Administrator
James Pollard	Coroner

**Appointed Personnel:**

Katie Mathis	County Treasurer
Peggy Bryant	Chief Financial Officer/ Deputy County Judge/Executive

**HENRY COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**

**For The Year Ended June 30, 2015**

**HENRY COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**

**For The Year Ended June 30, 2015**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 1,236,153	\$	\$
Excess Fees	155,639		
Licenses and Permits	204,217		
Intergovernmental	243,944	1,433,375	124,071
Charges for Services	920,631		9,896
Miscellaneous	933,649	15,138	195
Interest	3,482	8,890	234
Total Receipts	<u>3,697,715</u>	<u>1,457,403</u>	<u>134,396</u>
<b>DISBURSEMENTS</b>			
General Government	1,478,361		
Protection to Persons and Property	779,385		474,792
General Health and Sanitation	153,946		
Social Services	17,000		
Recreation and Culture	118,984		
Roads		1,225,346	
Debt Service	61,166		
Capital Projects	59,847		
Administration	944,740	219,615	30,273
Total Disbursements	<u>3,613,429</u>	<u>1,444,961</u>	<u>505,065</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>84,286</u>	<u>12,442</u>	<u>(370,669)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds	347,258	147,258	540,000
Transfers To Other Funds	(703,709)	(147,258)	(200,000)
Total Other Adjustments to Cash (Uses)	<u>(356,451)</u>		<u>340,000</u>
Net Change in Fund Balance	(272,165)	12,442	(30,669)
Fund Balance - Beginning (Restated)	1,802,246	1,683,930	36,502
Fund Balance - Ending	<u>\$ 1,530,081</u>	<u>\$ 1,696,372</u>	<u>\$ 5,833</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 390,987	\$ 296,337	\$ 15,806
Less: Outstanding Checks	(4,719)		(9,973)
Certificates of Deposit	1,143,813	1,400,035	
Fund Balance - Ending	<u>\$ 1,530,081</u>	<u>\$ 1,696,372</u>	<u>\$ 5,833</u>

The accompanying notes are an integral part of the financial statement.

**HENRY COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Budgeted Funds</b>				
<b>Local Government Economic Assistance Fund</b>	<b>Solid Waste Fund</b>	<b>Emergency 911 Fund</b>	<b>Fair Fund</b>	<b>Total Funds</b>
\$	\$	\$ 48,862	\$	\$ 1,285,015
				155,639
				204,217
67,958	26,454			1,895,802
				930,527
	34		5,227	954,243
141	96	274	30	13,147
68,099	26,584	49,136	5,257	5,438,590
	31,182	15,432		1,524,975
40,000				1,294,177
8,000				161,946
23,100				40,100
6,053			20,705	145,742
				1,225,346
				61,166
				59,847
	323			1,194,951
77,153	31,505	15,432	20,705	5,708,250
(9,054)	(4,921)	33,704	(15,448)	(269,660)
			16,451	1,050,967
				(1,050,967)
			16,451	
(9,054)	(4,921)	33,704	1,003	(269,660)
43,204	47,567	97,747	679	3,711,875
\$ 34,150	\$ 42,646	\$ 131,451	\$ 1,682	\$ 3,442,215
\$ 34,150	\$ 42,684	\$ 131,451	\$ 5,682	\$ 917,097
	(38)		(4,000)	(18,730)
				2,543,848
\$ 34,150	\$ 42,646	\$ 131,451	\$ 1,682	\$ 3,442,215

The accompanying notes are an integral part of the financial statement.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2015**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The financial statement of Henry County includes all budgeted and unbudgeted funds under the control of the Henry County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

**B. Basis of Accounting**

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Solid Waste Fund - The primary purpose of this fund is to account for the litter grants and related disbursements.

Emergency 911 Fund - The purpose of this fund is to account for Emergency 911 receipts and disbursements. The sole source of receipts for this fund is telephone taxes.

Fair Fund - The purpose of this fund is to account for receipts and disbursements for the fair grounds and park. The primary sources of receipts for this fund are rent and transfers from the General Fund.

**D. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

**E. Henry County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Henry County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Henry County Fiscal Court.



**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Henry County Elected Officials (Continued)**

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**F. Deposits and Investments**

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**G. Long-term Obligations**

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240(4). As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2015.

	General Fund	Road Fund	Jail Fund	Total Transfers In
General Fund	\$	\$ 147,258	\$200,000	\$ 347,258
Road Fund	147,258			147,258
Jail Fund	540,000			540,000
Fair Fund	16,451			16,451
Total Transfers Out	<u>\$ 703,709</u>	<u>\$ 147,258</u>	<u>\$200,000</u>	<u>\$ 1,050,967</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

**Note 4. Long-term Debt**

**A. Financial Obligation-Courthouse Annex**

On October 29, 1999 Henry County Fiscal Court entered into a financial obligation agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) Program for the purchase of the Courthouse Annex county office building in the amount of \$375,000. The obligation (\$356,417) was refinanced on May 7, 2001, with the terms being changed to a variable interest rate on the unpaid principal, and with monthly payments due the 20th of each month. The obligation is to be paid in full on May 20, 2020. The principal balance was \$126,961 as of June 30, 2015. The following table shows the scheduled interest (based upon an interest rate of 4%) and principal amounts during the next five years and thereafter:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 22,823	\$ 5,062
2017	24,264	4,074
2018	25,795	3,027
2019	27,423	1,912
2020	26,656	715
Totals	<u>\$ 126,961</u>	<u>\$ 14,790</u>

**B. Financial Obligation-Track Loader**

On November 24, 2004, Henry County Fiscal Court entered in an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) Program for \$79,011. The purpose of the financing was for the purchase of a track loader. The term for this agreement was 10 years with the balance to be paid in full July 20, 2015. The principal balance was \$14,011 as of June 30, 2015. The following table shows the scheduled remaining interest and principal amounts due:

**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**B. Financial Obligation-Track Loader (Continued)**

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 14,011	\$ 56
Totals	<u>\$ 14,011</u>	<u>\$ 56</u>

**C. Financial Obligation-Land Purchased**

On February 8, 2007, the Henry County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) Program for \$302,782. The purpose of the financing was for the purchase of land for the building of a senior citizens center, a park and possibly a new health department building. The term for this agreement was 10 years with a variable interest rate based upon an interest rate swap; the balance is to be paid in full January 20, 2017. The principal balance was \$62,782 as of June 30, 2015. The following table shows the scheduled remaining interest and principal amounts due:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2016	\$ 30,000	\$ 2,452
2017	32,782	978
Totals	<u>\$ 62,782</u>	<u>\$ 3,430</u>

**D. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Financing Obligations	\$ 265,222	\$	\$ 61,468	\$ 203,754	\$ 66,834
Total Long-term Debt	<u>\$ 265,222</u>	<u>\$ 0</u>	<u>\$ 61,468</u>	<u>\$ 203,754</u>	<u>\$ 66,834</u>

**Note 5. Employee Retirement System**

**A. Plan Description**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous *and hazardous duty* positions in the county. The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 5. Employee Retirement System (Continued)**

**A. Plan Description (Continued)**

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 34.31 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (nonhazardous) and 8% (hazardous) of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) and seven and one-half percent (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2013 was \$409,821, FY 2014 was \$382,065, and FY 2015 was \$388,158.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 5. Employee Retirement System (Continued)**

**A. Plan Description (Continued)**

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**B. Net Pension Liability**

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements, Henry County's proportionate share of the net pension liability as of June 30, 2015 is:

	June 30, 2014	June 30, 2015
Hazardous	\$ 746,000	\$ 668,000
Non-Hazardous	2,249,000	1,988,000
Totals	<u>\$ 2,995,000</u>	<u>\$ 2,656,000</u>

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at [www.kyret.ky.gov](http://www.kyret.ky.gov) or can be obtained as described in the paragraph above.

**Note 6. Deferred Compensation**

In July 1999, the Henry County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

**HENRY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 6. Deferred Compensation (Continued)**

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 7. Insurance**

For the fiscal year ended June 30, 2015, Henry County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 8. Prior Period Adjustments**

The beginning balance of the General Fund and Road Fund, were restated by (\$3,055) and (\$453), respectively, due to the correction of errors and the writing off of voided checks.

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2015**





**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2015**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,087,501	\$ 1,087,501	\$ 1,236,153	\$ 148,652
Excess Fees	90,037	90,037	155,639	65,602
Licenses and Permits	213,000	213,000	204,217	(8,783)
Intergovernmental	278,686	278,686	243,944	(34,742)
Charges for Services	681,000	681,000	920,631	239,631
Miscellaneous	1,068,322	1,068,322	933,649	(134,673)
Interest	5,500	5,500	3,482	(2,018)
Total Receipts	3,424,046	3,424,046	3,697,715	273,669
<b>DISBURSEMENTS</b>				
General Government	1,683,470	1,691,715	1,478,361	213,354
Protection to Persons and Property	795,027	868,827	779,385	89,442
General Health and Sanitation	160,804	173,504	153,946	19,558
Social Services	8,000	17,000	17,000	
Recreation and Culture	124,170	124,170	118,984	5,186
Debt Service	61,215	61,215	61,166	49
Capital Projects	62,000	62,100	59,847	2,253
Administration	1,117,838	1,013,993	944,740	69,253
Total Disbursements	4,012,524	4,012,524	3,613,429	399,095
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(588,478)	(588,478)	84,286	672,764
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	27,500	27,500		(27,500)
Transfers From Other Funds	147,258	147,258	347,258	200,000
Transfers To Other Funds	(462,749)	(462,749)	(703,709)	(240,960)
Total Other Adjustments to Cash (Uses)	(287,991)	(287,991)	(356,451)	(40,960)
Net Change in Fund Balance	(876,469)	(876,469)	(272,165)	604,304
Fund Balance Beginning (Restated)	876,469	876,469	1,802,246	925,777
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,530,081	\$ 1,530,081

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>ROAD FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,337,555	\$ 1,337,555	\$ 1,433,375	\$ 95,820
Miscellaneous	6,300	6,300	15,138	8,838
Interest	8,500	8,500	8,890	390
Total Receipts	1,352,355	1,352,355	1,457,403	105,048
<b>DISBURSEMENTS</b>				
Roads	1,147,690	1,250,690	1,225,346	25,344
Administration	239,000	221,000	219,615	1,385
Total Disbursements	1,386,690	1,471,690	1,444,961	26,729
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(34,335)	(119,335)	12,442	131,777
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			147,258	147,258
Transfers To Other Funds	(147,258)	(147,258)	(147,258)	
Total Other Adjustments to Cash (Uses)	(147,258)	(147,258)		147,258
Net Change in Fund Balance	(181,593)	(266,593)	12,442	279,035
Fund Balance Beginning (Restated)	181,593	266,593	1,683,930	1,417,337
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,696,372	\$ 1,696,372

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 128,500	\$ 128,500	\$ 124,071	\$ (4,429)
Charges for Services	10,001	10,001	9,896	(105)
Miscellaneous	1,512	1,512	195	(1,317)
Interest	50	50	234	184
Total Receipts	140,063	140,063	134,396	(5,667)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	541,361	541,661	474,792	66,869
Administration	45,000	44,700	30,273	14,427
Total Disbursements	586,361	586,361	505,065	81,296
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(446,298)	(446,298)	(370,669)	75,629
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	446,298	446,298	540,000	93,702
Transfers To Other Funds			(200,000)	(200,000)
Total Other Adjustments to Cash (Uses)	446,298	446,298	340,000	(106,298)
Net Change in Fund Balance			(30,669)	(30,669)
Fund Balance Beginning			36,502	36,502
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,833	\$ 5,833

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 84,900	\$ 84,900	\$ 67,958	\$ (16,942)
Interest	100	100	141	41
Total Receipts	85,000	85,000	68,099	(16,901)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	40,000	40,000	40,000	
General Health and Sanitation	8,000	8,000	8,000	
Social Services	30,001	30,001	23,100	6,901
Recreation and Culture	6,498	6,498	6,053	445
Administration	501	501		501
Total Disbursements	85,000	85,000	77,153	7,847
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(9,054)	(9,054)
Net Change in Fund Balance			(9,054)	(9,054)
Fund Balance Beginning			43,204	43,204
Fund Balance - Ending	\$ 0	\$ 0	\$ 34,150	\$ 34,150

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>SOLID WASTE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 26,454	\$ 454
Miscellaneous			34	34
Interest			96	96
Total Receipts	26,000	26,000	26,584	584
<b>DISBURSEMENTS</b>				
General Health and Sanitation	34,500	35,000	31,182	3,818
Administration	1,600	1,100	323	777
Total Disbursements	36,100	36,100	31,505	777
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,100)	(10,100)	(4,921)	1,361
Net Change in Fund Balance	(10,100)	(10,100)	(4,921)	5,179
Fund Balance Beginning	10,100	10,100	47,567	37,467
Fund Balance - Ending	\$ 0	\$ 0	\$ 42,646	\$ 42,646

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>EMERGENCY 911 FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 60,000	\$ 60,000	\$ 48,862	\$ (11,138)
Interest	50	50	274	224
Total Receipts	60,050	60,050	49,136	(10,914)
<b>DISBURSEMENTS</b>				
General Government	66,551	66,551	15,432	51,119
Administration	1,002	1,002		1,002
Total Disbursements	67,553	67,553	15,432	52,121
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(7,503)	(7,503)	33,704	41,207
Net Change in Fund Balance	(7,503)	(7,503)	33,704	41,207
Fund Balance Beginning	7,503	7,503	97,747	90,244
Fund Balance - Ending	\$ 0	\$ 0	\$ 131,451	\$ 131,451

**HENRY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>FAIR FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1	\$ 1	\$	\$ (1)
Miscellaneous	7,002	7,002	5,227	(1,775)
Interest	50	50	30	(20)
Total Receipts	7,053	7,053	5,257	(1,796)
<b>DISBURSEMENTS</b>				
Recreation and Culture	22,502	22,502	20,705	1,797
Administration	1,002	1,002		1,002
Total Disbursements	23,504	23,504	20,705	2,799
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(16,451)	(16,451)	(15,448)	1,003
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	16,451	16,451	16,451	
Total Other Adjustments to Cash (Uses)	16,451	16,451	16,451	
Net Change in Fund Balance			1,003	1,003
Fund Balance Beginning			679	679
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,682	\$ 1,682

**HENRY COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2015**

**Note 1. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.



**HENRY COUNTY**  
**SUPPLEMENTARY SCHEDULE**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**



**HENRY COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2015**

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 681,782	\$	\$	\$ 681,782
Buildings and Building Improvements	2,549,262			2,549,262
Vehicles	1,267,325	205,482	176,572	1,296,235
Equipment	1,242,727	9,500	44,500	1,207,727
Infrastructure	5,403,619	531,751		5,935,370
	<u>\$ 11,144,715</u>	<u>\$ 746,733</u>	<u>\$ 221,072</u>	<u>\$11,670,376</u>
Total Capital Assets				

**HENRY COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - SCHEDULE OF CAPITAL ASSETS**

**June 30, 2015**

**Note 1. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-25

**Note 2. Prior Period Adjustment**

Vehicles and Equipment were increased by \$78,599, and \$186,263, respectively, due to errors in prior year.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***





**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable John Logan Brent, Henry County Judge/Executive  
Members of the Henry County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Henry County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Henry County Fiscal Court's financial statement and have issued our report thereon dated May 13, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Henry County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Henry County's Fiscal Court internal control. Accordingly, we do not express an opinion on the effectiveness of the Henry County Fiscal Court's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, which are described in the accompanying comments and recommendations as items 2015-001 and 2015-002 that we consider to be significant deficiencies.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Henry County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**County Judge/Executive's Responses to Findings**

The Henry County Judge/Executive's responses to the findings identified in our audit are included in the accompanying comments and recommendations. The Henry County Judge/Executive's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

May 13, 2016



**HENRY COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2015**



**HENRY COUNTY**  
**COMMENTS AND RECOMMENDATIONS**

**Fiscal Year Ended June 30, 2015**

**INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES:**

**2015-001    The County Has A Lack Of Segregation Of Duties Over Receipts**

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We noted during the review of internal controls related to receipts there is a lack of segregation of duties. The same person collects receipts, creates the deposit ticket, takes the deposit to the bank, records the receipts in the ledger and reconciles the bank account. There is no independent review over these procedures. When controls procedures are performed by the same employee and no compensating controls are in place, the risk of undetected material misstatements due to error or fraud significantly increases. Proper internal controls dictate that duties should be segregated to prevent one person from performing all steps in a specific area. We recommend the county separate the control functions related to receipts, or implement procedures to begin having these steps reviewed for accuracy. The review should be documented by initials of the reviewer on all documents reviewed. Steps have been taken to help segregate the duties going forward.

*County Judge/Executive John Logan Brent's Response: Your recommendation will be taken into consideration. The staff will attempt to segregate duties between the two active employees.*

**2015-002    The County Has A Lack Of Segregation Of Duties Over Payroll**

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There is a lack of segregation of duties related to payroll. The same employee enters payroll data into the payroll system, reviews it and compares it against timesheets, prints checks, requests funds from for payroll from the operating account, signs the payroll checks, and reconciles the revolving payroll account. All of these procedures are done without independent review. When controls procedures are performed by the same employee and no compensating controls are in place, the risk of material misstatements due to error or fraud significantly increases. Proper internal controls dictate that duties of segregated so that no one employee has complete controls of all aspects of a process. We recommend the county separate the functions related to payroll or begin implementing procedures for a review of each step with the reviewer initialing each document reviewed.

*County Judge/Executive John Logan Brent's Response: Your recommendation is noted and the staff will attempt to segregate staffs duties between the two active employees.*

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**HENRY COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2015**



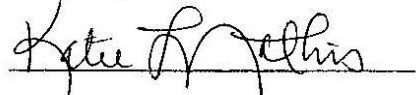
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
HENRY COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Henry County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_

County Judge/Executive

  
\_\_\_\_\_

County Treasurer

